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Integrating environment and development in decision-making

Report of the Secretary-General

SUMMARY

Governments should continue their efforts to establish national commissions for sustainable development and integrated participatory strategies for sustainable development. In that context, organizations within the United Nations system and other relevant organizations should support such efforts by, inter alia, strengthening coordination and establishing a code of "best practices" on how both to do and to contribute to sustainable development strategies.

The organizations and bodies of the United Nations system, in cooperation with Governments and, as appropriate, non-governmental organizations, should place a high priority on actions aimed at supporting national coordination and planning activities related to the implementation of Agenda 21. Guidelines for national execution of projects and programmes should be published and adopted by all external partners as part of a harmonization strategy.

Continued and strengthened support should be given to developing the legal capacities of developing countries, particularly with a view to carrying out reviews of national legislation related to sustainable development and to implementing international legal agreements, as relevant.

Further works should be undertaken in integrated economic and environmental accounting, particularly with regard to (a) continuing methodological development for consensus-building; (b) promoting the implementation of national programmes by supporting and motivating national statistical services; and (c) strengthening technical cooperation in this area.

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INTRODUCTION

1. Chapter 8 of Agenda 21 (Integrating environment and development in decision-making) covers four interrelated issues: (a) integrating environment and development at the policy, planning and management levels; (b) providing an effective legal and regulatory framework; (c) making effective use of economic instruments and market and other incentives; and (d) establishing systems for integrated environmental and economic accounting.

2. It should be noted that many of the activities contained in chapter 8 of Agenda 21 are directly related to activities proposed within the context of chapter 40 (Information for decision-making), in particular the sections on data and information and on indicators. Discussion of such activities has been omitted from the present report. Similarly, since the reports of the Secretary-General on changing consumption and production patterns (E/CN.17/1996/5 and Add.1) and on financial resources and mechanisms for sustainable development: overview of current issues and development (E/CN.17/1996/4 and Add.1), contain discussions of economic instruments, that material is not repeated here.

I. POLICIES, PLANNING AND MANAGEMENT

3. A large number of countries have shown a commitment to an integrated process of decision-making for sustainable development, which is a major achievement in the aftermath of the United Nations Conference on Environment and Development (UNCED). Annex II to the background document relating to the report of the Secretary-General on chapter 38 of Agenda 21 (E/CN.17/1996/16), indicates that special institutional arrangements for coordinating issues related to sustainable development either already exist at the national level or are currently being planned in 148 countries, approximately 17 per cent of which are developed countries; 13 per cent, countries whose economies are in transition; and 70 per cent, developing countries. Further, while some of these institutions existed prior to 1992, clearly more than 90 per cent have been established in response to UNCED. Other, longer-standing bodies have, in many cases, been restructured consistent with the requirements set by Agenda 21.

4. The European Commission has approved a series of internal measures intended to ensure the integration of environmental considerations in its proposals on other areas of Community policy-making and is developing internal methodologies for environmental assessments. The impetus for sustainable development policies and strategies arises also from the "pre-accession strategy" of the European Community, which has recently developed Association ("Europe") Agreements with Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

5. Many of the coordinating mechanisms have a responsibility for preparing, or providing information and consensus-building for, national strategies for sustainable development. How coordination is structured varies considerably. Some mechanisms are temporary, established for the specific purpose of preparing a long-term strategy; some have been set up within existing ministries, where

coordination is developed around the preparation of periodic national strategies; some are interdepartmental committees at the national level only; some are consultative councils, established at both national and regional or local levels, connected institutionally; some have both an intergovernmental committee to coordinate among regions, provinces and States, and a ministerial committee to provide a more political focus.

6. In addition, at least among those countries that have submitted national reports, virtually all of the countries, whether developed, developing or with economies in transition, include in their coordinating mechanisms representatives of major groups as either full or advisory members, in addition to representatives of the relevant line ministries.

7. Each mechanism has clearly been designed to meet the needs of a particular political system, and the diversity is proof of the national ownership of these bodies. There is no single model, although there are certain common characteristics recommended by Agenda 21, such as their interdisciplinary and participatory nature. At the same time, some have been more successful than others in influencing policy that is not strictly environmental. It would be useful for countries to undertake case-studies of how - and to what end - they have grappled with such issues as how to interlink institutional units both horizontally and vertically; how to rank problems and actions; how to encourage and accommodate popular participation; how to develop an incentive framework; how to rely on and build capacity at the same time; how to identify and gain access to the information needed to make good decisions; and how to establish indicators of sustainable development for monitoring and review.

8. Such case-studies, set in different economic, social and cultural contexts, could serve as examples and provide some guidance on how countries might proceed. Here, countries must find their own way, but they can be assisted by the international community.

9. Another area in which considerable progress has been made is in the acceptance of environmental impact assessment (EIA). Of those countries reporting, almost all of them had mandatory EIA for projects and often programmes when major environmental implications were anticipated. Few, however, included EIA as a part of policy-making. Revision of already existing laws and regulations for EIA is taking place in some countries with economies in transition. Generally, in all countries non-governmental organizations are invited to participate in the assessments.

10. National strategies are developed at the national level but their content is heavily influenced by decisions and agreements taken at the international level. For example, national decision makers represent countries that are members of intergovernmental organizations, signatories to treaties and recipients of loans and financial and technical assistance. Consequently, at least four different sets of actors can be identified, all of which may have an impact on the development of a national strategy. They include (a) national decision makers; (b) intergovernmental bodies of relevance to sustainable development; (c) conferences of the parties to international conventions related to sustainable development; and (d) donor countries.

11. The relationship of these different actors to national policies and plans, as well as efforts under way at national and international levels to begin to address some of these issues, are discussed in the addendum to the present report.

II. LEGAL AND REGULATORY FRAMEWORKS

12. Laws and regulations suited to country-specific conditions are among the most important instruments for transforming environment and development policies into action, not only through command and control methods but also as a normative framework for economic planning and market instruments. Of those countries that have provided reports to the Commission on Sustainable Development this year, many indicate that national sustainable development strategies have provided a framework for the review of existing legislation and the drafting of new laws. A few countries have also prepared framework laws for this purpose. In addition, national reviews and revisions of laws and regulations associated broadly with the environment, including, for example, issues of air and water pollution, waste disposal and recycling, and biodiversity, are increasing, largely in the context of national environmental strategies.

13. To integrate environment and development in the policies and practices of each country effectively, it is necessary to develop and implement integrated, enforceable and effective laws and regulations that are based on sound social, ecological, economic and scientific principles. Programmes also need to be established to review and ensure compliance with the laws, regulations and standards adopted. There are an increasing number of efforts to address this problem, by both national and international actors, but the task is immense from both a methodological and an institutional perspective. The challenge is to view the problem in a holistic and integrated fashion, which is generally contrary to the way legislation is passed and regulations are constructed.

14. Capacity-building of the relevant institutions is a prerequisite in many cases. This is taking place, but the resources are insufficient to the task. Coordination machinery, not only to relate laws to each other but also to relate the obligations incurred under international law to national law, is also essential. Of those countries responding, almost all indicated that such coordination does take place, generally either through interministerial groups or in line ministries.

15. Implementation of international legal instruments at the national level varies. Constraints to implementation are predominantly a function of financial and human resources. The trend towards both differentiated responsibilities and the provision of resources and technology is likely to increase the ability of developing countries to meet their legal obligations. Of note is the indication that national legislation to implement international legal agreements may be applied to foreign companies operating in the country (including multinationals, for example) less rigorously than it is to domestic companies.

III. MAKING EFFECTIVE USE OF ECONOMIC INSTRUMENTS AND MARKET AND OTHER INCENTIVES

16. Policies, plans and legislation are important but cannot alone be expected to deal with the problems of environment and development. Prices, markets and governmental fiscal and economic policies play a complementary role in shaping attitudes and behaviour.

17. These issues are discussed at length in two reports of the Secretary-General that are before the Commission. The addendum to the report on changing consumption and production patterns (E/CN.17/1996/5/Add.1) reviews instruments and approaches of particular relevance to that topic, including, for example, extended producer responsibility, ecolabelling schemes, pricing signals, public procurement, ecological tax reform, recycling and so forth. The addendum to the report on financial resources and mechanisms for sustainable development (E/CN.17/1996/4/Add.1), evaluates the performance of such economic instruments as pollution taxes, natural resource taxation and emission trading schemes; subsidies; and approaches to strengthening the revenue base of national environmental funds. Innovative mechanisms for financing the protection of the global environment are also discussed.

IV. INTEGRATED ENVIRONMENTAL AND ECONOMIC ACCOUNTING

18. Integrated environmental and economic accounting seeks to integrate environmental issues into conventional national accounts. Conventional national accounts have provided indicators for assessment of economic performance and trends for a number of years, but the emphasis on integrating environmental information into this process is relatively new, and it remains somewhat controversial. Among other areas, disagreement centres on which is preferable: monetary economic accounting through economic valuation of environmental costs or benefits, or physical environmental accounting.

19. A number of countries have attempted to develop systems of integrated environmental and economic accounting. Efforts in developed countries are generally proceeding either on an individual country basis or through the work of the Statistical Office of the European Communities (EUROSTAT); in eight developing countries, projects are under way with the support of the United Nations Statistics Division, the World Bank, the United Nations Development Programme and the United Nations Environment Programme. Pilot case-studies on the application of techniques of integrated environmental and economic accounting are taking place in three of these countries. One country whose economy is in transition has initiated a project on environmental resource accounting.

20. In the absence of an international consensus on how to incorporate environmental assets and the costs and benefits of their use into the internationally adopted System of National Accounts (SNA), the United Nations Statistics Division developed a System for Integrated Environmental and Economic Accounting (SEEA) as a satellite system of the 1993 SNA. The SEEA was presented in the handbook Integrated Environmental and Economic Accounting, 1/ published in 1993.

21. The World Bank supported the development of the SEEA and the handbook during the early 1990s. It then did further work on a genuine savings measure, to be calculated within SEEA. In an attempt to improve the empirical base for decision-making, the World Bank recently published the first edition of Monitoring Environmental Progress, which explores the strengths and weaknesses of existing indicators and suggests avenues for further development.

22. Over the next two years, EUROSTAT will develop satellite accounts for the system of national accounts, focusing on "environmental expenditures" and depletion of marketed natural resources. Certain financial information will also be put in the context of associated physical measurements. Related to this is a project to develop a series of 10 environmental pressure indices. These combined with economic data will eventually be the first step to create "green" SNA satellite accounts. These two activities led by EUROSTAT, together with a programme of research into the different valuation problems found in trying to assess environmental damage, constitute an effort to put "solid numbers on sustainable development".

V. MAIN TRENDS IN THE FUTURE

23. At the national level there appears to be a trend towards a more integrative approach to decision-making, although this has not always taken, and will not necessarily take, the form of comprehensive sustainable development strategies. More attention, however, is being given at national, bilateral and international levels to coordinating sectoral and "special interest" plans, strategies and targets in a manner aimed at achieving consistency, efficiency, effectiveness and movement towards an integrated goal of sustainable development. There is also considerable evidence that decision-making at the national level is opening itself up to broader and, in some cases, more decentralized participation.

24. Less appears to be under way in the area of national legal and regulatory frameworks. Whereas most countries already have some process in place to develop integrated strategies and develop plans on a regular basis, fewer have comparable routine processes in the area of law. Legislative reform requires a strong cadre of people trained in law and well versed in the demands of sustainable development. There is no evidence that these cadres exist to any great extent in most countries.

25. Integrated environmental and economic accounting is likely to increase in use, at least on pilot and experimental bases. The challenge will be for the necessary methodological work to keep pace with the attempts to implement it at the national level.

Notes

1/ United Nations publication, Sales No. E.93.XVII.12.